

Selection Statement
for
Safety and Mission Assurance (S&MA) Services
RFP 8-1-0-QS-C5853

On September 12, 2000, I, along with other senior officials of Marshall Space Flight Center (MSFC) met with the Source Evaluation Committee (SEC) appointed to evaluate proposals in connection with Safety and Mission Assurance (S&MA) Services.

I. Background

The SEC members were appointed by the Director of the MSFC Procurement Office, and included representation from the Safety and Mission Assurance Office, Flight Projects Directorate, and the Procurement Office. To aid in the evaluation, the SEC appointed both a technical and management subcommittee from appropriate disciplines to provide assessments of proposal strengths and weaknesses in their areas of assignment. The SEC utilized information from the subcommittees and advisors in conjunction with the predetermined evaluation factors and subfactors in formulating its assessment of the strengths and weaknesses.

The request for proposals (RFP) for the MSFC S&MA services was released on March 8, 2000. The RFP called for a contractor to provide mission services associated with the planning, implementation, and assessment of safety, reliability, maintainability, quality assurance, and risk management programs for the MSFC Safety and Mission Assurance Office. The RFP also stated that the effort will be performed under a performance-based, cost-plus-award-fee contract with both subjective and objective evaluation criteria and that the contract period of performance will consist of one base year and four one-year options. This type of contract was deemed appropriate due to the need for flexibility in responding to fluctuating program requirements and the need to provide both realistic and effective performance incentives. On April 24, 2000, proposals were received from the following firms:

- APT Research, Inc. (APT)
- GHG Corporation (GHG)
- Hernandez Engineering, Inc. (HEI)
- SRS Information Services (SRS)
- SysTeam, Inc. (STI)

This procurement was conducted in accordance with FAR 15.3 and Marshall Work Instruction (MWI) 5115.2. The RFP prescribed three categories of evaluation factors: (1) mission suitability, (2) cost, and (3) past performance. Offerors were advised that (1) all evaluation factors, other than cost, when combined, were significantly more important than cost and (2) the evaluation factors were essentially equal in importance. Mission suitability was numerically

scored (1000 points) and had three subfactors: (1) management approach (500 points), (2) staffing (250 points), and (3) key personnel (250 points). Management approach evaluated core values, safety emphasis, organizational structure, management systems (including local autonomy), and communication methods. Staffing evaluated proposed work force, skill mix, recruitment and retention methods, and compensation. Key personnel evaluated the adequacy of the key personnel proposed to manage the effort under the contract. The proposals were analyzed for accuracy and compliance with Government requirements and, based upon the independent Government cost estimate (ICGE), a most probable cost was established. Past performance considered (1) the performance of the prime and major subcontractors in efforts similar to the effort associated with this RFP and (2) the quality of relevant work performed in the past. Past performance was given an adjective rating without a numerical score.

II. Evaluation of Initial Proposals

Based upon the evaluation of the initial submittals (i.e., Submittal I pertaining to past performance dated 3/22/00 and Submittal II pertaining to mission suitability and cost factors dated 4/24/00), all proposals were deemed acceptable. The SEC utilized the predetermined process and criteria in the evaluation of all proposals. First, the SEC evaluated past performance by assigning an adjective rating based upon the strengths and weaknesses of each proposal. Next, the SEC determined adjective ratings and numerical scores for the proposals in the area of mission suitability. The adjective ratings and scores represented a consensus and the SEC's best judgement of the relative merits of the mission suitability aspects of the proposals. This produced an initial ranking of proposals relative to mission suitability. Finally, the SEC evaluated cost aspects of the proposals. The results of this evaluation are summarized below.

APT Research, Inc. (APT)

In mission suitability, this proposal did not have any deficiencies and demonstrated a reasonably sound response. In addition, this proposal contained strengths and weaknesses and, as a whole, the weaknesses that were not offset by strengths did not significantly detract from the offeror's response. Thus, this proposal received an initial adjective rating of "good."

1. Under management approach, this proposal received an adjective rating of "good." This proposal received 3 significant strengths, 6 strengths, 2 significant weaknesses, and 7 weaknesses. The significant strengths included: (1) the assignment of a safety, reliability, and quality engineer to each project team, (2) a well-developed and thorough Safety, Health and Environmental Program Management Plan, and (3) well-developed risk evaluations and mitigation plans. The significant weaknesses included: (1) providing little or no detail in the methods and processes that will be used to accomplish a significant number of the PWS requirements and (2) the potential of the organizational structure to cause communication problems, employee morale problems, and internal conflicts.

2. Under staffing, this proposal received an adjective rating of "good." This proposal received 1 significant strength, 3 strengths, 1 significant weakness, and 5 weaknesses. The significant strength was that the offeror provided excellent employee benefits along with comparable salaries and had a 97% retention rate for fulltime employees. The significant weakness was that the offeror did not appear to have an understanding of the effort and commitment required for independent assurance (IA) or risk management (RM).

3. Under key personnel, this proposal received an adjective rating of "fair." This proposal received no significant strengths, 2 strengths, no significant weaknesses, and 3 weaknesses.

In past performance, the offeror did not provide a sufficient amount of relevant past performance. Nevertheless, the offeror can reasonably be expected to perform satisfactorily. Thus, this proposal received a neutral, adjective rating of "good" for past performance.

Under past performance, this proposal received no significant strengths, 5 strengths, 1 significant weakness, and no weaknesses. The significant weakness was that the offeror did not provide any information pertaining to lost time incident rate (LTIR) in their proposal.

In cost, this proposal had a significantly high proposed cost and most probable cost.

GHG Corporation

In mission suitability, this proposal contained significant weaknesses and a deficiency that both demonstrated a lack of overall competence and would require a major proposal revision to address. Thus, this proposal received an initial adjective rating of "poor."

1. Under management approach, this proposal received an adjective rating of "poor." This proposal received no significant strengths, no strengths, 4 significant weaknesses, 8 weaknesses, and 1 deficiency. The significant weaknesses included: (1) providing little information on proposed local autonomy concepts, (2) failure to indicate the amount and content of the effort that is anticipated by a subcontractor (i.e., DuPont), (3) an apparent lack of company policy or philosophy on safety, and (4) failure to perform the required risk analysis under management approach. The deficiency was that the offeror simply quoted the PWS in the portion of the proposal dealing with the Work Processing Plan.

2. Under staffing, this proposal received an adjective rating of "fair." This proposal received no significant strengths, 2 strengths, 1 significant weakness, and 5 weaknesses. The significant weakness was that the offeror did not substantiate staffing categories and numbers.

3. Under key personnel, this proposal received an adjective rating of "fair." This proposal received no significant strengths, no strengths, 1 significant weakness, and 2

weaknesses. The significant weakness was that the offeror proposed a project manager with only 3 years of S&MA experience.

In past performance, the offeror did not provide a sufficient amount of relevant past performance. Nevertheless, the offeror can reasonably be expected to perform satisfactorily. Thus, this proposal received a neutral, adjective rating of "good" for past performance.

Under past performance, this proposal received no significant strengths, 3 strengths, no significant weaknesses, and 1 weakness.

In cost, this proposal had competitive costs.

Hernandez Engineering, Inc. (HEI)

In mission suitability, this proposal did not have any deficiencies and demonstrated overall competence. In addition, this proposal contained many significant strengths and the strengths outbalanced any weaknesses that existed. Thus, this proposal received an initial adjective rating of "very good."

1. Under management approach, this proposal received an adjective rating of "excellent." This proposal received 5 significant strengths, 4 strengths, no significant weaknesses, and 2 weaknesses. The significant strengths included: (1) a thorough, comprehensive response in their work processing plan that shows an excellent understanding of the PWS requirements and a detailed, complete methodology for accomplishing all PWS tasks, (2) a clear understanding of the roles, responsibilities, and organization of MSFC and the S&MA Office, (3) the responsibility and authority at appropriate levels to avoid violations of the OCI clause, (4) the assignment of discipline engineers with primary responsibility to each project, and (5) the assignment of a Project Assurance Engineer (PAE) to each project to coordinate activities across S&MA disciplines.

2. Under staffing, this proposal received an adjective rating of "fair." This proposal received no significant strengths, 4 strengths, 2 significant weaknesses, and no weaknesses. The significant weaknesses included: (1) inadequate staff to perform the work and (2) an unrealistic staffing reduction of 11 people over the next 3 years.

3. Under key personnel, this proposal received an adjective rating of "excellent." This proposal received 1 significant strength, 2 strengths, no significant weaknesses, and no weaknesses. The significant strength was that the offeror proposed a person with 10+ years of S&MA experience that included 9 years at NASA Centers.

In past performance, the offeror demonstrated that it is exceptionally well qualified to perform the effort. Thus, this proposal received an adjective rating of "excellent" for past performance.

Under past performance, this proposal received 3 significant strengths, 4 strengths, no significant weaknesses, and 1 weakness. The significant strengths included: (1) past experience directly applicable to all PWS elements including in-depth knowledge of the policies, requirements, procedures, and functions associated with PWS elements, (2) extensive experience as a prime contractor in providing S&MA services to NASA over an extended period of time, and (3) a historical average award fee score of 94.8% on the S&MA services contract at MSFC.

In cost, this proposal had competitive costs.

SRS Information Services (SRS)

In mission suitability, this proposal did not have any deficiencies. However, this proposal had numerous weaknesses and these weaknesses outbalanced the strengths. Thus, this proposal received an initial adjective rating of "fair."

1. Under management approach, this proposal received an adjective rating of "fair." This proposal received 1 significant strength, 5 strengths, 5 significant weaknesses, and 7 weaknesses. The significant strength was that the offeror proposed the use of Palm Pilots to perform industrial safety inspections and audits and to perform quality assurance inspections. The significant weaknesses included: (1) an inadequate organizational structure that demonstrated a lack of understanding of the project team focus, (2) an inadequate approach to meeting the PWS requirements, (3) an inadequate explanation pertaining to how the offeror would reassign its own work or terminate its own contract in the event of an organizational conflict of interest, (4) the potential to adversely impact the offeror's ability to respond to surge/emergency requirements because of the combination of PAC and IA in one group, and (5) inadequate description of the relationship between project leads, functional leads, and technical managers.

2. Under staffing, this proposal received an adjective rating of "fair." This proposal received 1 significant strength, no strengths, 1 significant weakness, and 3 weaknesses. The significant strength was that the offeror had an excellent phase-in plan that is thorough and comprehensive. The significant weakness was that the offeror proposed an inadequate staff to perform the work.

3. Under key personnel, this proposal received an adjective rating of "fair." This proposal received 1 significant strength, no strengths, 2 significant weaknesses, and no weaknesses. The significant strength was that the offeror proposed a person with 10+ years of S&MA experience. The significant weaknesses included: (1) an inadequate risk analysis for key personnel and (2) the failure to submit resumes of important management employees.

In past performance, the offeror is very competent and well suited to perform the effort as evidenced by 1 significant strength. In addition, the strengths outbalanced the weaknesses. Thus, this proposal received an adjective rating of "very good" for past performance.

Under past performance, this proposal received 1 significant strength, 6 strengths, no significant weaknesses, and 1 weakness. The significant strength was that the offeror proposed a team with experience at both the prime and subcontract level.

In cost, this proposal had competitive costs.

SysTeam, Inc. (STI)

In mission suitability, this proposal contained significant weaknesses that would require a major proposal revision to address. Thus, this proposal received an initial adjective rating of "poor."

1. Under management approach, this proposal received an adjective rating of "poor." This proposal received no significant strengths, 2 strengths, 4 significant weaknesses, and 7 weaknesses. The significant weaknesses included: (1) a lack of detail in many areas of the of the PWS, (2) organizational charts that provide conflicting information, (3) a single person that functions both as Program Manager and Mission Assurance Branch Chief, and (4) an inadequate response pertaining to how organizational conflicts of interest will be avoided during contract performance..

2. Under staffing, this proposal received an adjective rating of "fair." This proposal received no significant strengths, 2 strengths, 2 significant weaknesses, and 5 weaknesses. The significant weakness included: (1) an inadequate staff to perform the work and (2) a lack of detail relative to the number of STI employees vis-à-vis RQP (i.e., subcontractor) employees.

3. Under key personnel, this proposal received an adjective rating of "fair." This proposal received 1 significant strength, no strengths, 2 significant weaknesses, and no weaknesses. The significant strength was that the offeror proposed a person with 15+ years of experience in S&MA management. The significant weaknesses included: (1) the failure to address risks associated with a subcontractor employee acting as a program manager and (2) the failure to submit resumes/qualifications of key personnel.

In past performance, the offeror can reasonably be expected to perform satisfactorily. Thus, this proposal received an adjective rating of "good" for past performance.

Under past performance, this proposal received no significant strengths, 4 strengths, no significant weaknesses, and 1 weaknesses.

In cost, this proposal had the second highest most probable cost.

III. Competitive Range

The initial evaluation findings of the SEC were presented to me, the Source Selection Authority (SSA), on July 14, 2000. As a result, I established a competitive range of the most highly rated proposals. The competitive range included both Hernandez Engineering, Inc. and SRS Information Services. APT Research was not included in the competitive range because their proposal had a significantly higher cost, both proposed and most probable, and a lower past performance rating than the two firms in the competitive range. GHG Corporation was not included in the competitive range because their proposal had a lower mission suitability rating and a lower past performance rating than the two firms in the competitive range. SysTeam, Inc. was not included in the competitive range because their proposal had a lower mission suitability rating, a higher most probable cost, and a lower past performance rating than the two firms in the competitive range. The 3 offerors whose proposals were not included in the competitive range were notified by letter on July 19, 2000, that their proposal was not selected for inclusion in the competitive range and that no revisions to their proposal would be accepted or considered.

The two firms included in the competitive range, Hernandez Engineering, Inc. and SRS Information Systems, were advised of their status by letter dated July 19, 2000. Letters dated July 20, 2000, provided both HEI and SRS with weaknesses and requests for clarifications. In addition, the July 20 letters established (1) August 1, 2000, as a due date for the receipt of responses pertaining to the weaknesses and requests for clarification and (2) a date for discussions. The SEC held discussions with HEI on August 7, 2000, and held discussions with SRS on August 9, 2000.

On August 11, 2000, both Hernandez Engineering, Inc. and SRS Information Systems were advised of any remaining weaknesses in their respective proposals and the due date for final proposal revisions. Final proposal revisions were received on August 21, 2000.

IV. Evaluation of Final Proposal Revisions

Following the same procedure as that used in the evaluation of initial proposals, the SEC performed its evaluation of the final proposal revisions (FPRs). Both offerors in the competitive range eliminated all of their weaknesses and increased their rating in mission suitability. In addition, SRS developed several additional strengths that produced a significant increase in their mission suitability rating. The results of this evaluation are summarized below.

Hernandez Engineering, Inc. (HEI)

In mission suitability, this FPR did not have any deficiencies or weaknesses. In addition, this FPR was a comprehensive and thorough proposal of exceptional merit. Thus, this FPR received an adjective rating of "excellent."

1. Under management approach, this FPR received an adjective rating of "excellent." This FPR received 5 significant strengths, 4 strengths, and no weaknesses of any kind.

The significant strengths were identical to those previously identified and included: (1) a thorough, comprehensive response in their work processing plan that shows an excellent understanding of the PWS requirements and a detailed, complete methodology for accomplishing all PWS tasks, (2) a clear understanding of the roles, responsibilities, and organization of MSFC and the S&MA Office, (3) the responsibility and authority at appropriate levels to avoid violations of the OCI clause, (4) the assignment of discipline engineers with primary responsibility to each project, and (5) the assignment of a Project Assurance Engineer (PAE) to each project to coordinate activities across S&MA disciplines.

2. Under staffing, this FPR received an adjective rating of "very good." This FPR received 1 significant strength, 3 strengths, and no weaknesses of any kind. The significant strength (which resulted from an upgraded strength) was that the offeror provided an excellent benefit package to its employees.

3. Under key personnel, this FPR received an adjective rating of "excellent." This FPR received 1 significant strength, 2 strengths, and no weaknesses of any kind. The significant strength was that the offeror proposed a person with 10+ years of S&MA experience that included 9 years at NASA Centers.

In past performance, the offeror was only requested to provide additional information in the FPR pertaining to its lost time incident rate (LTIR). The provision of the LTIR information eliminated the weakness under past performance. Thus, the adjective rating of "excellent" for past performance remained.

In cost, this FPR had a most probable cost of \$35.9M.

SRS Information Services (SRS)

In mission suitability, this FPR did not have any deficiencies or weaknesses. In addition, this FPR was a comprehensive and thorough proposal of exceptional merit. Thus, this FPR received an adjective rating of "excellent."

1. Under management approach, this FPR received an adjective rating of "excellent." This FPR received 6 significant strengths, 7 strengths, and no weaknesses of any kind. The significant strengths included: (1) the proposed use of Palm Pilots to perform industrial safety inspections and audits and to perform quality assurance inspections, (2) the assignment of a Project Assurance Lead to each S&MA project team to coordinate activities across S&MA disciplines, (3) a demonstrated and clear understanding of the roles, responsibilities, and organization of the S&MA Office at MSFC, (4) an established organizational conflict of interest (OCI) corporate policy and procedure that will be a part of SRS's ISO 9000 quality system, (5) the direct assignment of dedicated personnel to each S&MA project, and (6) a thorough and comprehensive work processing plan.

2. Under staffing, this FPR received an adjective rating of "very good." This FPR received 2 significant strengths, no strengths, and no weaknesses of any kind. The significant strengths included: (1) an excellent phase-in plan that is thorough and comprehensive and (2) an excellent benefit package for SRS employees.

3. Under key personnel, this FPR received an adjective rating of "excellent." This FPR received 1 significant strength, 3 strengths, and no weaknesses of any kind. The significant strength was that the offeror proposed a person with 10+ years of S&MA experience.

In past performance, the offeror was only requested to provide additional information in the FPR pertaining to its lost time incident rate (LTIR). The provision of the LTIR information eliminated the weakness under past performance. Nevertheless, the adjective rating of "very good" for past performance remained.

In cost, this FPR had a most probable cost of \$36.6M.

V. Decision

Immediately following the September 12, 2000, presentation, I met in executive session with key senior advisors who had heard the presentation. Their views and guidance were solicited. With respect to the process and findings, we concluded that the evaluation plan was followed and the findings were documented.

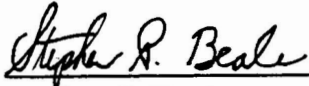
In the mission suitability factor, we recognized that the SEC rated the proposals equal at the conclusion of discussions and negotiations. Both offerors eliminated all of their weaknesses and were determined to be "excellent" by the SEC. We noted that the SEC increased the numerical scores of both offerors, with a dramatic increase in the scores of SRS. We noted that the SRS proposal went from "fair" to "excellent" as a result of discussions. While we accepted the findings of the SEC, we were cognizant that the numerical scores are to be used as guides to assist in the source selection process. On balance, we concluded that we had a greater degree of confidence in the overall merits of the mission suitability proposal associated with HEI. In the management approach subfactor, we saw an advantage of HEI over SRS in their proposal relating to organizational conflict of interest. We also saw an advantage of HEI over SRS in the designation of key personnel positions.

We next considered the cost factor. We noted that the difference in costs was not large, but that HEI's proposed cost and most probable cost was lower than that of SRS. We noted that the SEC had a high confidence in the cost evaluations. We agreed with this assessment. We concluded from a cost standpoint that, while the proposals were competitive, HEI did provide an advantage over SRS with its lower cost.

We next considered the past performance factor. We noted that the SEC had rated HEI as "excellent" and SRS as "very good." We agreed with these assessments and upon review of the underlying supporting data, we determined that HEI had a decided advantage over SRS. They

had three significant strengths as compared to one significant strength for SRS. Most notable was HEI's directly related experience applicable to all elements of the PWS. They had very high award fee ratings on the previous effort as well as directly related contracts at six other NASA Centers. We also noted that HEI had a better LTIR than the SRS team as a whole.

Based on a slight advantage in cost and a decided advantage in past performance, I selected HEI for award of the Safety and Mission Assurance Services for the Marshall Space Flight Center.



Stephen P. Beale
Director, Procurement Office

9-22-00

Date